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TAGS: [ETRD](#) [KBCT](#) [KMPI](#) [AE](#)
SUBJECT: U/S ECONOMY ON BOYCOTT, FTA

REF: DAVIDSON- CURTIS FED EX PACKAGE

Classified By: Ambassador Michele J. Sison for reasons 1.4 (b & d).

11. (SBU) On June 12, Econchief and Econoff met with Ministry of Economy Under Secretary Abdulla Al-Saleh to discuss the U.S. - UAE FTA negotiations and to try to resolve outstanding Arab League Boycott issues. Ambassador will meet with Minister of Economy Sheikha Lubna Al-Qasimi on June 14 to follow up and to discuss the Minister's upcoming trip to Washington, DC.

FTA - Natural Resources Remain a Concern

12. (C) Econchief, noting that there were still several outstanding FTA negotiation issues and emphasizing our concerns about time constraints, asked for an update on where the UAE was on key investment issues. Al-Saleh stressed that the issue of natural resources (i.e., oil and gas) remained a "difficult" one for the UAE. He added that the "technical level" was not driving the issue, but that it was a question of sovereignty for individual emirates and a matter of concern for the rulers of each emirate. He confirmed that the UAEG investment team was working on "clever ideas" to bridge the gap, but said frankly that he didn't know whether they could develop ideas that met both parties' needs. He added that internal consultations in the UAE on natural resources are very tricky. Al-Saleh compared the U.S. position with that of the EU. In the GCC-EU negotiations, he noted, he had explained the UAE's constitutional problem with including natural resources and said that the EU had respected/accepted this position although they looked for him to add something in trade.

Boycott - Commitment to Fix the Problem

13. (SBU) Econchief passed Al-Saleh a list of prohibited boycott requests made by UAE entities that were reported during the first quarter of 2006 and copies of the language (ref). Econchief stressed that the USG is concerned both that these requests are continuing and that we are seeing a number of "repeat offenders." This fact implies that the message that the UAEG is committed to eliminating its remaining applications of the secondary and tertiary boycott may not be getting through to UAEG ministries and Federal and Emirate level state-owned enterprises. Al-Saleh took the package and said that he would follow up. He specifically said that he had talked to the CEO of telecommunications company Etisalat two months earlier and was told that Etisalat had changed its tender documents, so he was especially surprised to see that company on the list.

14. (SBU) Al-Saleh was visibly disappointed with the number of boycott requests. Trying to put a positive light on the matter, Al-Saleh said he was glad that the number of companies using boycott language was "small" and promised to continue working on the issue. He also noted that many of the first quarter 2006 requests were actually from late 2005 and said that he hoped that the relevant companies had by this time updated their documents. He welcomed USG cooperation and the information that we provided. Post will continue to follow up actively on boycott issues.
SISON